

AMENDED IN SENATE JULY 23, 2009

CALIFORNIA LEGISLATURE—2009—10 FOURTH EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 27

Introduced by ~~Committee on Budget~~ Assembly Member Evans

July 2, 2009

~~An act relating to the Budget Act of 2009.~~ *An act to add Article 6.8 (commencing with Section 63048.100) to Chapter 2 of Division 1 of Title 6.7 of the Government Code, and to amend Sections 33020, 33333.2, 33333.4, 33333.6, 33333.7, 33333.10, 33492.13, 33492.85, and 33683 of, to add Sections 33681.16 and 33681.17 to, and to repeal and add Section 33334.1 of, the Health and Safety Code, relating to redevelopment, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 27, as amended, ~~Committee on Budget~~ Evans. ~~Budget Act of 2009.~~ *Redevelopment: Educational Revenue Augmentation Fund: transfer payments.*

(1) Existing law establishes the California Infrastructure and Economic Development Bank with specified authority, including the authority to make loans to sponsors in connection with the financing of a project and the authority to engage the services of private consultants to render professional and technical assistance. Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures. Existing property tax law also makes specified reductions to the amounts of ad valorem property tax revenue that would otherwise be annually allocated. Existing law generally requires that the revenues not allocated to counties, cities, and special

districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

This bill would establish within the California Infrastructure and Economic Development Bank an Educational Revenue Augmentation Fund account (ERAF account) for the purpose of receiving and holding deposits of redevelopment agency transfer payments, as defined, and any interest accruing thereon. The bill would authorize the bank to sell for, and on behalf of, the state all or any portion of ERAF account assets or residual interest to a special purpose trust, which the bill would establish. The net proceeds from the sale of ERAF assets to the special purpose trust would be deposited in the State ERAF Account.

The bill would, commencing with the 2009–10 fiscal year, and for each fiscal year thereafter during the time a specified redevelopment agency receives tax revenue from an applicable redevelopment project, require the county auditor to determine the agency transfer payment, as defined, for the agency to be deposited into the county’s Educational Revenue Augmentation Fund. By imposing additional duties on local officials, the bill would impose a state-mandated local program. The bill would require, on or before March 15 of each fiscal year, the county auditor to transfer the agency transfer payment from the county’s Educational Revenue Augmentation Fund to the ERAF account of the California Infrastructure and Economic Development Bank. The bill would also permit an authorized issuer, as defined, to issue bonds, notes, or other evidence of indebtedness to provide net proceeds to make one or more loans to one or more redevelopment agencies to fund that agency’s obligations in the event of a shortfall caused by the obligation to fund the agency transfer payment.

The bill would also require the bank, by December 1, 2009, to certify whether proceeds in the amount of at least \$7,400,000,000 will be deposited on or before December 31, 2010, in the State ERAF Account. If the bank does not certify that the amount of the proceeds that will be deposited in the State ERAF Account on or before June 30, 2010, will be at least \$7,400,000,000, the changes made by the bill would become inoperative on December 1, 2009, or on the date of the certification if the certification is made before December 1, 2009. The bill would authorize the bank to impose a fee upon a redevelopment agency in an amount to offset the reasonably anticipated and ongoing administrative costs of implementing these provisions. The bill would require the fees

to be continuously appropriated to the bank for expenditure to implement these provisions.

(2) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight in those communities. Existing law requires each agency to prepare or cause to be prepared, and approve, a redevelopment plan for each project area. Existing law requires that a redevelopment plan contain specified limitations, including, but not limited to, a time limit on the establishing of loans, advances, and indebtedness to be paid to finance a redevelopment project, a time line on the effectiveness of a redevelopment plan, and a time line to repay indebtedness.

The bill would modify and extend several time limit requirements as they are applied to specific redevelopment plans or plan amendments and, in these instances, require the legislative body to adopt an ordinance conforming the applicable redevelopment plan or amendment to these provisions.

(3) The bill would provide its provisions shall become inoperative or will not become operative, as applicable, unless, on or before December 1, 2009, a validation proceeding has been filed by the bank or the special purpose trust and in response to this filing the superior court holds, or upon review the Supreme Court holds, that those provisions are constitutional and that there is no legal bar to the securitization of the payments by redevelopment agencies to the state. The bill would also make the operation of other provisions of law, regarding a fuel tax subvention, and the suspension of Section 25.5 of Article XIII of the California Constitution contingent upon the operation of these specified provisions. The bill would also provide that if the sections amended or added by the act remain operative and in effect after December 1, 2009, the additions and changes to state law proposed by Assembly Bill 26 of the 2009-10 Fourth Extraordinary Session of the Legislature and Senate Bill 26 of the 2009-10 Fourth Extraordinary Session of the Legislature would become inoperative on January 1, 2010. The bill would provide, except as specified, that it become operative on January 1, 2010.

(4) The bill would declare that its provisions are interdependent on each other and are therefore not severable.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(6) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on July 1, 2009.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on July 1, 2009, pursuant to the California Constitution.

(7) This bill would declare that it is to take effect immediately as an urgency statute.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.

~~The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on July 1, 2009.~~

~~This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on July 1, 2009, pursuant to the California Constitution.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 6.8 (commencing with Section 63048.100)
2 is added to Chapter 2 of Division 1 of Title 6.7 of the Government
3 Code, to read:

4

5 Article 6.8. Educational Revenue Augmentation Fund
6 Securitization

7

8 63048.100. The Legislature finds and declares all of the
9 following:

10 (a) The proceeds from the sale of Educational Revenue
11 Augmentation Fund (ERAF) assets authorized by this article are
12 not proceeds of taxes as that term is used in Article XIII B of the

1 *California Constitution; thus, the disbursement of these proceeds*
2 *is not subject to the limitations imposed by that article.*

3 *(b) ERAF assets shall not be deemed to be General Fund*
4 *proceeds of taxes appropriated pursuant to Article XIII B or*
5 *General Fund revenues within the meaning of Section 8 of Article*
6 *XVI of the California Constitution, Section 41202 of the Education*
7 *Code, or any other law.*

8 *63048.101. The following definitions, in addition to the*
9 *definitions contained in Section 63010, shall govern the*
10 *construction of this article, unless the context requires otherwise:*

11 *(a) "Agency transfer payment" shall have the meaning ascribed*
12 *in paragraph (3) of subdivision (a) of Section 33681.16 of the*
13 *Health and Safety Code.*

14 *(b) "Bank" means the California Infrastructure and Economic*
15 *Development Bank.*

16 *(c) "ERAF" means the Educational Revenue Augmentation*
17 *Fund created pursuant to Article 3 (commencing with Section*
18 *97.2) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and*
19 *Taxation Code.*

20 *(d) "ERAF account" means an account established by the bank*
21 *pursuant to this article in which the agency transfer payment is*
22 *deposited.*

23 *(e) "ERAF assets" means the agency transfer payments required*
24 *to be deposited to the ERAF account pursuant to paragraph (4)*
25 *of subdivision (c) of Section 33681.16 of the Health and Safety*
26 *Code, and interest thereon, and all rights to receive those payments*
27 *and interest.*

28 *(f) "Operating expenses" means the reasonable operating*
29 *expenses of the special purpose trust and the bank, including, but*
30 *not limited to, the costs of preparation of accounting and other*
31 *reports, maintenance of the ratings on the bonds, credit*
32 *enhancements, insurance premiums, or other required activities*
33 *of the special purpose trust, and fees and expenses incurred for*
34 *professional consultants, advisers, fiduciaries, and legal counsel.*

35 *(g) "State ERAF Account" means a fund established by the*
36 *state that qualifies as an Educational Revenue Augmentation Fund*
37 *under Article 3 (commencing with Section 97) of Chapter 6 of Part*
38 *0.5 of Division 1 of the Revenue and Taxation Code, such that*
39 *allocations from the State ERAF Account are treated in the same*

1 manner as allocations from the Educational Revenue Augmentation
2 Fund.

3 63048.102. There is hereby established by and within the bank
4 an ERAF account for the purpose of receiving and holding the
5 deposits of agency transfer payments and any interest accruing
6 thereon.

7 63048.103. (a) The bank may sell for, and on behalf of, the
8 state, solely as its agent, all or any portion of the ERAF assets or
9 any residual interest therein to a special purpose trust which is
10 hereby established as a not-for-profit corporation solely for that
11 purpose and for the purposes necessarily incidental thereto. The
12 bank may enter into one or more sales agreements with the special
13 purpose trust on terms it deems appropriate, which may include
14 covenants of, and binding on, the state necessary to establish and
15 maintain the security of the bonds and exemption of interest on
16 the bonds from federal income taxation. ERAF assets, or any
17 residual interest therein may be sold at one time or from time to
18 time, as determined by the Director of Finance.

19 (b) (1) The special purpose trust may do all of the following:

20 (A) Issue bonds, including, but not limited to, refunding bonds,
21 on the terms it shall determine. The special purpose trust shall not
22 issue bonds until after January 1, 2010.

23 (B) Do all things contemplated by, and authorized by, this
24 division with respect to the bank, and enjoy all rights, privileges,
25 and immunities the bank enjoys pursuant to this division, or as
26 authorized by Section 5140 of the Corporations Code with respect
27 to public benefit nonprofit corporations, or as necessary or
28 appropriate in connection with the issuance of bonds.

29 (C) Enter into agreements with any public or private entity and
30 pledge the ERAF assets, or any residual interest therein, as
31 collateral and security for its bonds.

32 (2) The pledge of any of the ERAF assets or any residual
33 interests therein, and of any revenues, reserves, and earnings
34 pledged in connection therewith shall be valid and binding in
35 accordance with its terms and have priority in accordance with
36 its terms from the time the pledge is made, and property so pledged
37 shall immediately be subject to the lien of the pledge without the
38 need for physical delivery, recordation, filing, or other further act.
39 This pledge shall not be subject to Division 9 (commencing with

1 Section 9101) of the Commercial Code or Sections 954.5 and 955.1
2 of the Civil Code.

3 (3) The special purpose trust, and its assets and income, and
4 bonds issued by the special purpose trust, and their transfer and
5 the income therefrom, shall be exempt from all taxation by the
6 state and by its political subdivisions.

7 (c) All moneys in, or to be transferred into, the ERAF account
8 that represent ERAF assets sold to a special purpose trust shall
9 be transferred as agreed upon in the agreement of sale between
10 the bank and the special purpose trust.

11 (d) (1) The principal office of the special purpose trust shall
12 be located in the County of Sacramento. The articles of
13 incorporation of the special purpose trust shall be prepared and
14 filed, on behalf of the state, with the Secretary of State by the bank.
15 The members of the board of directors of the bank shall each serve
16 ex officio as directors of the special purpose trust. Any of these
17 directors may name a designee to act on his or her behalf as a
18 director of the special purpose trust. The Director of Finance or
19 his or her designee shall serve as chair of the special purpose
20 trust. Directors of the special purpose trust shall not be subject to
21 personal liability for carrying out the powers and duties conferred
22 by this article.

23 (2) The Legislature hereby finds and declares that the duties
24 and responsibilities of the directors of the special purpose trust
25 and the duties and responsibilities of the Director of Finance
26 established under this article are within the scope of the primary
27 duties of those persons in their official capacities.

28 (3) The special purpose trust shall be treated as a separate legal
29 entity with its separate corporate purpose as described in this
30 article, and the assets, liabilities, and funds of the special purpose
31 trust shall be neither consolidated nor commingled with those of
32 the bank.

33 (e) The Treasurer shall be the agent for sale of any bonds or
34 other evidences of indebtedness issued by the special purpose trust,
35 and shall exercise those duties pursuant to Sections 5702 and
36 5703.

37 (f) Based on the terms of the sale agreements and bonds as
38 established by the special purpose trust, the ERAF assets, and any
39 residual interest therein, may be sold pursuant to this article,
40 whether at one time or from time to time. The net proceeds of the

1 *sale of ERAF assets shall be deposited in the State ERAF Account,*
2 *which is hereby established in the General Fund. The use and*
3 *application of the proceeds of any sale of any ERAF assets or*
4 *bonds shall not in any way affect the legality or validity of that*
5 *sale or those bonds.*

6 63048.104. *Notwithstanding any other provision of this*
7 *division, Article 3 (commencing with Section 63041) and Article*
8 *5 (commencing with Section 63043) do not apply to any bonds*
9 *issued by the special purpose trust established by this article. All*
10 *matters authorized in this article are in addition to powers granted*
11 *to the bank in this division.*

12 63048.105. *Any sale of some or all of the ERAF assets, or any*
13 *residual interest therein, under this article shall be treated as a*
14 *true sale and absolute transfer of the property so transferred to*
15 *the special purpose trust and not as a pledge or grant of a security*
16 *interest by the state, the bank board, or the bank for any borrowing.*
17 *The characterization of the sale of any of those assets as an*
18 *absolute transfer by the participants shall not be negated or*
19 *adversely affected by the fact that only a portion of the ERAF*
20 *assets is transferred, by the state's acquisition of an ownership*
21 *interest in any residual interest or subordinate interest in the ERAF*
22 *assets, by any characterization of the special purpose trust or its*
23 *bonds for purposes of accounting, taxation, or securities*
24 *regulation, or by any other factor whatsoever.*

25 63048.106. (a) (1) *On and after the effective date of each sale*
26 *of ERAF assets, the state shall have no right, title, or interest in*
27 *or to the ERAF assets sold. The ERAF assets sold shall be property*
28 *of the special purpose trust and not of the state, the bank board,*
29 *or the bank, and shall be owned, received, held, and disbursed by*
30 *the special purpose trust or the trustee for the financing. None of*
31 *the ERAF assets sold by the state pursuant to this article shall be*
32 *subject to garnishment, levy, execution, attachment, or other*
33 *process, writ, including, but not limited to, a writ of mandate, or*
34 *remedy in connection with the assertion or enforcement of any*
35 *debt, claim, settlement, or judgment against the state, the bank*
36 *board, or the bank.*

37 (2) *The state pledges to, and agrees with, the holders of any*
38 *bonds issued by the special purpose trust that, until those bonds,*
39 *together with the interest thereon and costs and expenses in*
40 *connection with any action or proceeding on behalf of the*

1 *bondholders, are fully paid and discharged or otherwise provided*
2 *for pursuant to the terms of the indenture or trust agreement*
3 *pursuant to which those bonds are issued, the state will do the*
4 *following:*

5 *(A) Enforce its rights to collect the ERAF assets sold to the*
6 *special purpose trust pursuant to this article and to collect the*
7 *agency transfer payments due from county auditors pursuant to*
8 *paragraph (4) of subdivision (c) of Section 33681.16 of the Health*
9 *and Safety Code.*

10 *(B) Not take any action that would in any way materially*
11 *diminish, limit, or impair the rights to receive ERAF assets sold*
12 *to the special purpose trust pursuant to this article.*

13 *(C) Not in any way materially impair the rights and remedies*
14 *of bondholders or the security for their bonds.*

15 *(3) The special purpose trust may include the pledges set forth*
16 *in subparagraphs (A), (B), and (C) of paragraph (2) in some or*
17 *all of its bond documents, including, but not limited to, the*
18 *indenture, trust agreement, and official statement.*

19 *(b) Bonds issued pursuant to this article shall not be deemed to*
20 *constitute a debt of the state or a pledge of the faith or credit of*
21 *the state, and all bonds shall contain on the face of the bond a*
22 *statement to the effect that neither the faith and credit nor the*
23 *taxing power nor any other assets or revenues of the state or of*
24 *any political subdivision of the state, other than the special purpose*
25 *trust, is or shall be pledged to the payment of the principal of or*
26 *the interest on the bonds.*

27 *(c) Whether or not the bonds are of a form and character as to*
28 *be negotiable instruments under the terms of the Uniform*
29 *Commercial Code, the bonds are hereby made negotiable*
30 *instruments for all purposes, subject only to the provisions of the*
31 *bonds for registration.*

32 *(d) The special purpose trust and the bank shall be treated as*
33 *public agencies for purposes of Chapter 9 (commencing with*
34 *Section 860) of Title 10 of Part 2 of the Code of Civil Procedure,*
35 *and any action or proceeding challenging the validity of any matter*
36 *authorized by this article shall be brought in accordance with,*
37 *and within the time specified in, that chapter.*

38 *(e) Notwithstanding any other law, the exclusive means to obtain*
39 *review of a superior court judgment entered in an action brought*
40 *pursuant to Chapter 9 (commencing with Section 860) of Title 10*

1 of Part 2 of the Code of Civil Procedure to determine the validity
2 of any bonds to be issued, the transfer of any agency transfer
3 payments to the bank, the deposit by the bank of the agency transfer
4 payments to the ERAF account, the sale of ERAF assets to the
5 special purpose trust, the pledge of ERAF assets to secure bonds,
6 the deposit of the proceeds of bonds secured by ERAF assets to
7 the State ERAF Account, or any other contracts to be entered into,
8 or any other matters authorized by this article, shall be by petition
9 to the Supreme Court for writ of review. Any petition shall be filed
10 within 15 days following the notice of entry of the superior court
11 judgment, and no extension of that period may be allowed. If no
12 petition is filed within the time allowed therefor, or the petition is
13 denied, with or without opinion, the decision of the superior court
14 shall be final and enforceable as provided in subdivision (a) of
15 Section 870 of the Code of Civil Procedure. In any case in which
16 a petition has been filed within the time allowed therefor, the
17 Supreme Court shall make any orders, as it may deem proper in
18 the circumstances. If no answering party appeared in the superior
19 court action, the only issues that may be raised in the petition are
20 those related to the jurisdiction of the superior court.

21 63048.107. The Legislature, in enacting this article, finds and
22 declares that this article and the acts authorized herein directly
23 or indirectly assist in the financing or refinancing, in whole or in
24 part, of the community's redevelopment project pursuant to Section
25 16 of Article XVI of the California Constitution.

26 63048.108. This article and all powers granted hereby shall
27 be liberally construed to effectuate its intent and their purposes.

28 63048.109. The bank may impose a fee upon an applicable
29 agency, as defined in Section 33681.16 of the Health and Safety
30 Code, that shall be set at an amount to offset the reasonably
31 anticipated and ongoing administrative costs of implementing the
32 act adding this article. Notwithstanding Section 13340, these funds
33 are continuously appropriated to the bank for expenditure to
34 implement the act adding this article.

35 63048.110. (a) On or before December 1, 2009, the board of
36 directors of the bank shall certify whether, in its opinion, proceeds
37 in the amount of at least seven billion four hundred million dollars
38 (\$7,400,000,000) that are received from the bonds or other
39 evidences of indebtedness issued pursuant to this article will be
40 deposited, on or before June 30, 2010, in the State ERAF Account.

1 ***(b) If the board of directors of the bank does not certify,***
2 ***pursuant to subdivision (a), that the amount of proceeds that will***
3 ***be deposited in the State ERAF Account on or before June 30,***
4 ***2010, will be at least seven billion four hundred million dollars***
5 ***(\$7,400,000,000), the act adding this article shall become***
6 ***inoperative on December 1, 2009, or on the date of the certification***
7 ***if the certification is made before December 1, 2009.***

8 ***(c) The bank may request a local agency to provide any***
9 ***information relevant to the implementation of this article, and the***
10 ***local agency shall provide this information to the bank, in a timely***
11 ***manner, as prescribed by the bank.***

12 ***SEC. 2. Section 33020 of the Health and Safety Code is***
13 ***amended to read:***

14 ***33020. “Redevelopment” means the planning, development,***
15 ***replanning, redesign, clearance, reconstruction, or rehabilitation,***
16 ***or any combination of these, of all or part of a survey area, and***
17 ***the provision of those residential, commercial, industrial, public,***
18 ***or other structures or spaces as may be appropriate or necessary***
19 ***in the interest of the general welfare, including recreational and***
20 ***other facilities incidental or appurtenant to them and, payments to***
21 ***school and community college districts in the fiscal years specified***
22 ***in Sections 33681, 33681.5, 33681.7, 33681.9, and 33681.12, and***
23 ***the payments and transfers pursuant to Section 33681.16.***

24 ***SEC. 3. Section 33333.2 of the Health and Safety Code is***
25 ***amended to read:***

26 ***33333.2. (a) A redevelopment plan containing the provisions***
27 ***set forth in Section 33670 shall contain all of the following***
28 ***limitations. A redevelopment plan that does not contain the***
29 ***provisions set forth in Section 33670 shall contain the limitations***
30 ***in paragraph (4):***

31 ***(1) (A) A time limit on the establishing of loans, advances, and***
32 ***indebtedness to be paid with the proceeds of property taxes***
33 ***received pursuant to Section 33670 to finance in whole or in part***
34 ***the redevelopment project, which may not exceed 20 years from***
35 ***the adoption of the redevelopment plan, except by amendment of***
36 ***the redevelopment plan as authorized by subparagraph (B). This***
37 ***limit, however, shall not prevent agencies from incurring debt to***
38 ***be paid from the Low and Moderate Income Housing Fund or***
39 ***establishing more debt in order to fulfill the agency’s housing***
40 ***obligations under subdivision (a) of Section 33333.8. The loans,***

1 advances, or indebtedness may be repaid over a period of time
2 longer than this time limit as provided in this section. No loans,
3 advances, or indebtedness to be repaid from the allocation of taxes
4 shall be established or incurred by the agency beyond this time
5 limitation. This limit shall not prevent agencies from refinancing,
6 refunding, or restructuring indebtedness after the time limit if the
7 indebtedness is not increased and the time during which the
8 indebtedness is to be repaid is not extended beyond the time limit
9 to repay indebtedness required by this section.

10 (B) The time limitation established by subparagraph (A) may
11 be extended only by amendment of the redevelopment plan after
12 the agency finds, based on substantial evidence, that (i) significant
13 blight remains within the project area; and (ii) this blight cannot
14 be eliminated without the establishment of additional debt.
15 However, this amended time limitation may not exceed 30 years
16 from the effective date of the ordinance adopting the redevelopment
17 plan, except as necessary to comply with subdivision (a) of Section
18 33333.8.

19 (2) A time limit, not to exceed 30 years from the adoption of
20 the redevelopment plan, on the effectiveness of the redevelopment
21 plan. After the time limit on the effectiveness of the redevelopment
22 plan, the agency shall have no authority to act pursuant to the
23 redevelopment plan except to pay previously incurred indebtedness
24 and to enforce existing covenants or contracts, unless the agency
25 has not completed its housing obligations pursuant to subdivision
26 (a) of Section 33333.8, in which case the agency shall retain its
27 authority to implement requirements under subdivision (a) of
28 Section 33333.8, including its ability to incur and pay indebtedness
29 for this purpose, and shall use this authority to complete these
30 housing obligations as soon as is reasonably possible.

31 (3) A time limit, not to exceed 45 years from the adoption of
32 the redevelopment plan, to repay indebtedness with the proceeds
33 of property taxes received pursuant to Section 33670. After the
34 time limit established pursuant to this paragraph, an agency may
35 not receive property taxes pursuant to Section 33670, except as
36 necessary to comply with subdivision (a) of Section 33333.8.

37 (4) A time limit, not to exceed 12 years from the adoption of
38 the redevelopment plan, for commencement of eminent domain
39 proceedings to acquire property within the project area. This time
40 limitation may be extended only by amendment of the

1 redevelopment plan after the agency finds, based on substantial
2 evidence, both of the following:

- 3 (A) That significant blight remains within the project area.
4 (B) That this blight cannot be eliminated without the use of
5 eminent domain.

6 (b) If a redevelopment plan is amended to add territory, the
7 amendment shall contain the time limits required by this section.

8 (c) When an agency is required to make a payment pursuant to
9 Section 33681.9, the legislative body may amend the
10 redevelopment plan to extend the time limits required pursuant to
11 paragraphs (2) and (3) of subdivision (a) by one year by adoption
12 of an ordinance. In adopting this ordinance, neither the legislative
13 body nor the agency is required to comply with Section 33354.6,
14 Article 12 (commencing with Section 33450), or any other
15 provision of this part relating to the amendment of redevelopment
16 plans.

17 (d) When an agency is required pursuant to Section 33681.12
18 to make a payment to the county auditor for deposit in the county's
19 Educational Revenue Augmentation Fund created pursuant to
20 Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5
21 of Division 1 of the Revenue and Taxation Code, the legislative
22 body may amend the redevelopment plan to extend the time limits
23 required pursuant to paragraphs (2) and (3) of subdivision (a) by
24 the following:

25 (1) One year for each year in which a payment is made, if the
26 time limit for the effectiveness of the redevelopment plan
27 established pursuant to paragraph (2) of subdivision (a) is 10 years
28 or less from the last day of the fiscal year in which that payment
29 is made.

30 (2) One year for each year in which a payment is made, if both
31 of the following apply:

32 (A) The time limit for the effectiveness of the redevelopment
33 plan established pursuant to paragraph (2) of subdivision (a) is
34 more than 10 years but less than 20 years from the last day of the
35 fiscal year in which a payment is made.

36 (B) The legislative body determines in the ordinance adopting
37 the amendment that, with respect to the project, all of the following
38 apply:

39 (i) The agency is in compliance with the requirements of Section
40 33334.2 or 33334.6, as applicable.

1 (ii) The agency has adopted an implementation plan in
2 accordance with the requirements of Section 33490.

3 (iii) The agency is in compliance with subdivisions (a) and (b)
4 of Section 33413, to the extent applicable.

5 (iv) The agency is not subject to sanctions pursuant to
6 subdivision (e) of Section 33334.12 for failure to expend,
7 encumber, or disburse an excess surplus.

8 (3) This subdivision shall not apply to any redevelopment plan
9 if the time limits for the effectiveness of the redevelopment plan
10 established pursuant to paragraph (2) of subdivision (a) is more
11 than 20 years after the last day of the fiscal year in which a payment
12 is made.

13 (4) The legislative body by ordinance may adopt the
14 amendments provided for under this subdivision following a public
15 hearing. Notice of the public hearing shall be mailed to the
16 governing body of each of the affected taxing entities at least 30
17 days prior to the hearing. Notice shall also be published in a
18 newspaper of general circulation in the community at least once,
19 not less than 10 days prior to the date of the public hearing. The
20 ordinance shall contain a finding of the legislative body that funds
21 used to make a payment to the county's Educational Revenue
22 Augmentation Fund pursuant to Section 33681.12 would otherwise
23 have been used to pay the costs of projects and activities necessary
24 to carry out the goals and objectives of the redevelopment plan.
25 In adopting an ordinance pursuant to this subdivision, neither the
26 legislative body nor the agency is required to comply with Section
27 33354.6, Article 12 (commencing with Section 33450), or any
28 other provision of this part.

29 (e) This section shall apply only to redevelopment projects for
30 which a final redevelopment plan is adopted pursuant to Article 5
31 (commencing with Section 33360) on or after January 1, 1994,
32 and to amendments that add territory and that are adopted on or
33 after January 1, 1994.

34 (f) *(1) Notwithstanding subdivision (a), and provided the agency*
35 *has not timely adopted the resolution described in paragraph (1)*
36 *of subdivision (b) of Section 33681.16, on and after January 1,*
37 *2010, all of the following provisions shall apply to a redevelopment*
38 *project for which a final plan was adopted on or after January 1,*
39 *1994, but prior to January 1, 2010, provided that the time limit*
40 *on the effectiveness of the redevelopment plan was not reached*

1 prior to January 1, 2010, and an amendment to a redevelopment
2 plan that added territory and was adopted on or after January 1,
3 1994, but prior to January 1, 2010, provided that the time limit
4 on the effectiveness of the amendment was not reached prior to
5 January 1, 2010:

6 (A) The time limit required under paragraph (1) of subdivision
7 (a) shall not apply.

8 (B) The time limit required under paragraph (2) of subdivision
9 (a), as it may have been extended by the legislative body pursuant
10 to subdivisions (c) and (d), is extended for an additional 40 years,
11 unless the agency has adopted the resolution described in
12 subparagraph (A) of paragraph (2) of subdivision (b) of Section
13 33681.16 in which case the additional 40-year period shall be
14 reduced in accordance with subparagraph (B) of paragraph (2)
15 of subdivision (b) of Section 33681.16.

16 (C) The time limit required under paragraph (3) of subdivision
17 (a) shall be 10 years after the termination of the effectiveness of
18 the redevelopment plan, as extended pursuant to subparagraph
19 (B). After the expiration of this time limit, the agency shall not
20 receive property taxes pursuant to Section 33670, except as
21 otherwise necessary to comply with subdivision (a) of Section
22 33333.8.

23 (D) Any limitation on the number of dollars of taxes that may
24 be divided and allocated to the redevelopment agency set forth in
25 or otherwise applicable to the redevelopment plan, including any
26 amendment to the plan, is eliminated.

27 (2) Paragraph (1) shall apply notwithstanding any term,
28 provision, or condition set forth in any agreement between the
29 agency and an affected taxing agency, as defined in Section
30 33353.2, that sets or purports to set (A) more restrictive time limits
31 on the redevelopment project than the limits set forth in paragraph
32 (1); (B) any limit on the amount of property tax increment an
33 agency may be allocated or may receive; or (C) any limit on the
34 amount of bonded indebtedness of the agency that may be
35 outstanding at any one time or in total.

36 (3) The legislative body shall adopt an ordinance conforming
37 the applicable redevelopment plan or amendment that added
38 territory to the requirements of this subdivision. In adopting this
39 ordinance, neither the legislative body nor the agency is required
40 to comply with Section 33354.6, Article 12 (commencing with

1 *Section 33450), or any other provision of this part relating to the*
2 *amendment of redevelopment plans. This subdivision shall be*
3 *effective as to the applicable redevelopment plan or amendment*
4 *that added territory, notwithstanding the failure of the legislative*
5 *body to adopt the ordinance described in this paragraph.*

6 *SEC. 4. Section 33333.4 of the Health and Safety Code is*
7 *amended to read:*

8 33333.4. (a) Every legislative body that adopted a final
9 redevelopment plan prior to October 1, 1976, that contains the
10 provisions set forth in Section 33670 but does not contain all of
11 the limitations required by Section 33333.2, shall adopt an
12 ordinance on or before December 31, 1986, that contains all of the
13 following:

14 (1) A limitation on the number of dollars of taxes that may be
15 divided and allocated to the redevelopment agency pursuant to the
16 plan, including any amendments to the plan. Taxes shall not be
17 divided and shall not be allocated to the redevelopment agency
18 beyond that limitation, except as necessary to comply with
19 subdivision (a) of Section 33333.8.

20 (2) A time limit on the establishing of loans, advances, and
21 indebtedness to finance in whole, or in part, the redevelopment
22 project. No loans, advances, or indebtedness to be repaid from the
23 allocation of taxes shall be established or incurred by the agency
24 beyond the time limitation, except as necessary to comply with
25 subdivision (a) of Section 33333.8.

26 (3) A time limit, not to exceed 12 years, for commencement of
27 eminent domain proceedings to acquire property within the project
28 area. This time limitation may be extended only by amendment of
29 the redevelopment plan after the agency finds, based on substantial
30 evidence, both of the following:

31 (A) That significant blight remains within the project area.

32 (B) That this blight cannot be eliminated without the use of
33 eminent domain.

34 (b) The limitations established in the ordinance adopted pursuant
35 to this section shall apply to the redevelopment plan as if the
36 redevelopment plan had been amended to include those limitations.
37 However, in adopting the ordinance, neither the legislative body
38 nor the agency is required to comply with Article 12 (commencing
39 with Section 33450) or any other provision of this part relating to
40 the amendment of redevelopment plans.

1 (c) The limitations established in the ordinance adopted pursuant
2 to this section shall not be applied to limit allocation of taxes to
3 an agency to the extent required to eliminate project deficits created
4 under subdivision (g) of Section 33334.6 in accordance with the
5 plan adopted pursuant thereto for the purpose of eliminating the
6 deficit or to comply with subdivision (a) of Section 33333.8. In
7 the event of a conflict between these limitations and the obligations
8 under Section 33334.6 or subdivision (a) of Section 33333.8, the
9 legislative body shall amend the ordinance adopted pursuant to
10 this section to modify the limitations to the extent necessary to
11 permit compliance with the plan adopted pursuant to subdivision
12 (g) of Section 33334.6, to permit compliance with subdivision (a)
13 of Section 33333.8, and to allow full expenditure of moneys in the
14 agency's Low and Moderate Income Housing Fund in accordance
15 with Section 33334.3. The procedure for amending the ordinance
16 pursuant to this subdivision shall be the same as for adopting the
17 ordinance under subdivision (b).

18 (d) This section shall not be construed to allow the impairment
19 of any obligation or indebtedness incurred by the legislative body
20 or the agency pursuant to this part.

21 (e) In any litigation to challenge or attack any ordinance adopted
22 pursuant to this section, the court shall sustain the actions of the
23 legislative body and the agency unless the court finds those actions
24 were arbitrary or capricious. The Legislature finds and declares
25 that this is necessary because redevelopment agencies with project
26 areas established prior to October 1, 1976, have incurred existing
27 obligations and indebtedness and have adopted projects, programs,
28 and activities with the authority to receive and pledge the entire
29 allocation of taxes authorized by Section 33670 and that it is
30 necessary to protect against the possible impairment of existing
31 obligations and indebtedness and to allow the completion of
32 adopted projects and programs.

33 (f) The ordinance adopted by the legislative body in compliance
34 with this section does not relieve any agency of its obligations
35 under Section 33333.8, 33334.2, 33334.3, Article 9 (commencing
36 with Section 33410), or any other requirement contained in this
37 part.

38 (g) A redevelopment plan adopted on or after October 1, 1976,
39 and prior to January 1, 1994, containing the provisions set forth
40 in Section 33670, shall also ~~contain~~:

1 ~~(1) A limitation on the number of dollars of taxes that may be~~
2 ~~divided and allocated to the agency pursuant to the plan, including~~
3 ~~any amendments to the plan. Taxes shall not be divided and shall~~
4 ~~not be allocated to the agency beyond this limitation, except~~
5 ~~pursuant to amendment of the redevelopment plan, or as necessary~~
6 ~~to comply with subdivision (a) of Section 33333.8.~~

7 ~~(2) A~~ contain a time limit, not to exceed 12 years, for
8 commencement of eminent domain proceedings to acquire property
9 within the project area. This time limitation may be extended only
10 by amendment of the redevelopment plan after the agency finds,
11 based on substantial evidence, both of the following:

12 ~~(A)~~

13 ~~(1)~~ That significant blight remains within the project area.

14 ~~(B)~~

15 ~~(2)~~ That this blight cannot be eliminated without the use of
16 eminent domain.

17 *(h) (1) Notwithstanding subdivision (a), on and after January*
18 *1, 2010, and provided the agency has not timely adopted the*
19 *resolution described in paragraph (1) of subdivision (b) of Section*
20 *33681.16, the limitations required under paragraphs (1) and (2)*
21 *of subdivision (a) shall not apply to a redevelopment project for*
22 *which a final redevelopment plan was adopted on or before*
23 *October 1, 1976.*

24 *(2) Paragraph (1) shall apply notwithstanding any term,*
25 *provision, or condition set forth in any agreement between the*
26 *agency and an affected taxing agency, as defined in Section*
27 *33353.2, including, but not limited to, agreements entered into*
28 *pursuant to Section 33401 or 33676, as those sections existed prior*
29 *to January 1, 1994, that sets or purports to set (A) a limitation on*
30 *the number of dollars of taxes that may be divided and allocated*
31 *to the redevelopment agency pursuant to the plan, including any*
32 *amendments to the plan; (B) a time limit on the establishing of*
33 *loans, advances, and indebtedness to finance in whole, or in part,*
34 *the redevelopment project; or (C) any limit on the amount of*
35 *bonded indebtedness of the agency that may be outstanding at any*
36 *one time or in total.*

37 *(3) The legislative body shall adopt an ordinance conforming*
38 *the applicable redevelopment plan or amendment that added*
39 *territory to the requirements of this subdivision, and to also*
40 *eliminate from the plan and any amendment any limitation on the*

1 amount of taxes that may be divided and allocated to the agency
2 pursuant to, or otherwise applicable to, the plan or amendment.
3 In adopting this ordinance, neither the legislative body nor the
4 agency is required to comply with Section 33354.6, Article 12
5 (commencing with Section 33450), or any other provision of this
6 part relating to the amendment of redevelopment plans. This
7 subdivision shall be effective as to the applicable redevelopment
8 plan or amendment that added territory, notwithstanding the failure
9 of the legislative body to adopt the ordinance described in this
10 paragraph.

11 SEC. 5. Section 33333.6 of the Health and Safety Code is
12 amended to read:

13 33333.6. The limitations of this section shall apply to every
14 redevelopment plan adopted on or before December 31, 1993.

15 (a) ~~The~~ Except as provided in subdivision (k), the effectiveness
16 of every redevelopment plan to which this section applies shall
17 terminate at a date that shall not exceed 40 years from the adoption
18 of the redevelopment plan or January 1, 2009, whichever is later.
19 After the time limit on the effectiveness of the redevelopment plan,
20 the agency shall have no authority to act pursuant to the
21 redevelopment plan except to pay previously incurred indebtedness,
22 to comply with Section 33333.8 and to enforce existing covenants,
23 contracts, or other obligations.

24 (b) Except as provided in subdivisions (f) and (g), a
25 redevelopment agency may not pay indebtedness or receive
26 property taxes pursuant to Section 33670 after 10 years from the
27 termination of the effectiveness of the redevelopment plan pursuant
28 to subdivision (a) *or from the date for the termination of the*
29 *effectiveness of the redevelopment plan as extended pursuant to*
30 *subdivision (k).*

31 (c) (1) If plans that had different dates of adoption were merged
32 on or before December 31, 1993, the time limitations required by
33 this section shall be counted individually for each merged plan
34 from the date of the adoption of each plan. If an amendment to a
35 redevelopment plan added territory to the project area on or before
36 December 31, 1993, the time limitations required by this section
37 shall commence, with respect to the redevelopment plan, from the
38 date of the adoption of the redevelopment plan, and, with respect
39 to the added territory, from the date of the adoption of the
40 amendment.

1 (2) If plans that had different dates of adoption are merged on
2 or after January 1, 1994, the time limitations required by this
3 section shall be counted individually for each merged plan from
4 the date of the adoption of each plan.

5 (d) (1) Unless a redevelopment plan adopted prior to January
6 1, 1994, contains all of the limitations required by this section and
7 each of these limitations does not exceed the applicable time limits
8 established by this section, the legislative body, acting by ordinance
9 on or before December 31, 1994, shall amend every redevelopment
10 plan adopted prior to January 1, 1994, either to amend an existing
11 time limit that exceeds the applicable time limit established by this
12 section or to establish time limits that do not exceed the provisions
13 of subdivision (b) or (c).

14 (2) The limitations established in the ordinance adopted pursuant
15 to this section shall apply to the redevelopment plan as if the
16 redevelopment plan had been amended to include those limitations.
17 However, in adopting the ordinance required by this section, neither
18 the legislative body nor the agency is required to comply with
19 Article 12 (commencing with Section 33450) or any other provision
20 of this part relating to the amendment of redevelopment plans.

21 (e) (1) If a redevelopment plan adopted prior to January 1,
22 1994, contains one or more limitations required by this section,
23 and the limitation does not exceed the applicable time limit required
24 by this section, this section shall not be construed to require an
25 amendment of this limitation.

26 (2) (A) A redevelopment plan adopted prior to January 1, 1994,
27 that has a limitation shorter than the terms provided in this section
28 may be amended by a legislative body by adoption of an ordinance
29 on or after January 1, 1999, but on or before December 31, 1999,
30 to extend the limitation, provided that the plan as so amended does
31 not exceed the terms provided in this section. In adopting an
32 ordinance pursuant to this subparagraph, neither the legislative
33 body nor the agency is required to comply with Section 33354.6,
34 Article 12 (commencing with Section 33450), or any other
35 provision of this part relating to the amendment of redevelopment
36 plans.

37 (B) On or after January 1, 2002, a redevelopment plan may be
38 amended by a legislative body by adoption of an ordinance to
39 eliminate the time limit on the establishment of loans, advances,
40 and indebtedness required by this section prior to January 1, 2002.

1 In adopting an ordinance pursuant to this subparagraph, neither
2 the legislative body nor the agency is required to comply with
3 Section 33354.6, Article 12 (commencing with Section 33450),
4 or any other provision of this part relating to the amendment of
5 redevelopment plans, except that the agency shall make the
6 payment to affected taxing entities required by Section 33607.7.

7 (C) When an agency is required to make a payment pursuant to
8 Section 33681.9, the legislative body may amend the
9 redevelopment plan to extend the time limits required pursuant to
10 subdivisions (a) and (b) by one year by adoption of an ordinance.
11 In adopting an ordinance pursuant to this subparagraph, neither
12 the legislative body nor the agency is required to comply with
13 Section 33354.6, Article 12 (commencing with Section 33450),
14 or any other provision of this part relating to the amendment of
15 redevelopment plans, including, but not limited to, the requirement
16 to make the payment to affected taxing entities required by Section
17 33607.7.

18 (D) When an agency is required pursuant to Section 33681.12
19 to make a payment to the county auditor for deposit in the county's
20 Educational Revenue Augmentation Fund created pursuant to
21 Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5
22 of Division 1 of the Revenue and Taxation Code, the legislative
23 body may amend the redevelopment plan to extend the time limits
24 required pursuant to subdivisions (a) and (b) by the following:

25 (i) One year for each year in which a payment is made, if the
26 time limit for the effectiveness of the redevelopment plan
27 established pursuant to subdivision (a) is 10 years or less from the
28 last day of the fiscal year in which a payment is made.

29 (ii) One year for each year in which a payment is made, if both
30 of the following apply:

31 (I) The time limit for the effectiveness of the redevelopment
32 plan established pursuant to subdivision (a) is more than 10 years
33 but less than 20 years from the last day of the fiscal year in which
34 a payment is made.

35 (II) The legislative body determines in the ordinance adopting
36 the amendment that, with respect to the project, the agency is in
37 compliance with Section 33334.2 or 33334.6, as applicable, has
38 adopted an implementation plan in accordance with the
39 requirements of Section 33490, is in compliance with subdivisions
40 (a) and (b) of Section 33413, to the extent applicable, and is not

1 subject to sanctions pursuant to subdivision (e) of Section 33334.12
2 for failure to expend, encumber, or disburse an excess surplus.

3 (iii) This subparagraph shall not apply to any redevelopment
4 plan if the time limit for the effectiveness of the redevelopment
5 plan established pursuant to subdivision (a) is more than 20 years
6 after the last day of the fiscal year in which a payment is made.

7 (3) (A) The legislative body by ordinance may adopt the
8 amendments provided for under this paragraph following a public
9 hearing. Notice of the public hearing shall be mailed to the
10 governing body of each affected taxing entity at least 30 days prior
11 to the public hearing and published in a newspaper of general
12 circulation in the community at least once, not less than 10 days
13 prior to the date of the public hearing. The ordinance shall contain
14 a finding of the legislative body that funds used to make a payment
15 to the county's Educational Revenue Augmentation Fund pursuant
16 to Section 33681.12 would otherwise have been used to pay the
17 costs of projects and activities necessary to carry out the goals and
18 objectives of the redevelopment plan. In adopting an ordinance
19 pursuant to this paragraph, neither the legislative body nor the
20 agency is required to comply with Section 33354.6, Article 12
21 (commencing with Section 33450), or any other provision of this
22 part relating to the amendment of redevelopment plans.

23 (B) The time limit on the establishment of loans, advances, and
24 indebtedness shall be deemed suspended and of no force or effect
25 but only for the purpose of issuing bonds or other indebtedness
26 the proceeds of which are used to make the payments required by
27 Section 33681.12 if the following apply:

28 (i) The time limit on the establishment of loans, advances, and
29 indebtedness required by this section prior to January 1, 2002, has
30 expired and has not been eliminated pursuant to subparagraph (B).

31 (ii) The agency is required to make a payment pursuant to
32 Section 33681.12.

33 (iii) The agency determines that in order to make the payment
34 required by Section 33681.12, it is necessary to issue bonds or
35 incur other indebtedness.

36 (iv) The proceeds of the bonds issued or indebtedness incurred
37 are used solely for the purpose of making the payments required
38 by Section 33681.12 and related costs.

39 The suspension of the time limit on the establishment of loans,
40 advances, and indebtedness pursuant to this subparagraph shall

1 not require the agency to make the payment to affected taxing
2 entities required by Section 33607.7.

3 (4) (A) A time limit on the establishing of loans, advances, and
4 indebtedness to be paid with the proceeds of property taxes
5 received pursuant to Section 33670 to finance in whole or in part
6 the redevelopment project shall not prevent an agency from
7 incurring debt to be paid from the agency's Low and Moderate
8 Income Housing Fund or establishing more debt in order to fulfill
9 the agency's affordable housing obligations, as defined in
10 paragraph (1) of subdivision (a) of Section 33333.8.

11 (B) A redevelopment plan may be amended by a legislative
12 body to provide that there shall be no time limit on the
13 establishment of loans, advances, and indebtedness paid from the
14 agency's Low and Moderate Income Housing Fund or establishing
15 more debt in order to fulfill the agency's affordable housing
16 obligations, as defined in paragraph (1) of subdivision (a) of
17 Section 33333.8. In adopting an ordinance pursuant to this
18 subparagraph, neither the legislative body nor the agency is
19 required to comply with Section 33345.6, Article 12 (commencing
20 with Section 33450), or any other provision of this part relating to
21 the amendment of redevelopment plans, and the agency shall not
22 make the payment to affected taxing entities required by Section
23 33607.7.

24 (f) The limitations established in the ordinance adopted pursuant
25 to this section shall not be applied to limit the allocation of taxes
26 to an agency to the extent required to comply with Section 33333.8.
27 In the event of a conflict between these limitations and the
28 obligations under Section 33333.8, the limitations established in
29 the ordinance shall be suspended pursuant to Section 33333.8.

30 (g) (1) This section does not effect the validity of any bond,
31 indebtedness, or other obligation, including any mitigation
32 agreement entered into pursuant to Section 33401, authorized by
33 the legislative body, or the agency pursuant to this part, prior to
34 January 1, 1994.

35 (2) This section does not affect the right of an agency to receive
36 property taxes, pursuant to Section 33670, to pay the bond,
37 indebtedness, or other obligation.

38 (3) This section does not affect the right of an agency to receive
39 property taxes pursuant to Section 33670 to pay refunding bonds
40 issued to refinance, refund, or restructure indebtedness authorized

1 prior to January 1, 1994, if the last maturity date of these refunding
2 bonds is not later than the last maturity date of the refunded
3 indebtedness and the sum of the total net interest cost to maturity
4 on the refunding bonds plus the principal amount of the refunding
5 bonds is less than the sum of the total net interest cost to maturity
6 on the refunded indebtedness plus the principal amount of the
7 refunded indebtedness.

8 (h) A redevelopment agency shall not pay indebtedness or
9 receive property taxes pursuant to Section 33670, with respect to
10 a redevelopment plan adopted prior to January 1, 1994, after the
11 date identified in subdivision (b) or the date identified in the
12 redevelopment plan, whichever is earlier, except as provided in
13 paragraph (2) of subdivision (e), in subdivision (g), or in Section
14 33333.8.

15 (i) The Legislature finds and declares that the amendments made
16 to this section by Chapter 942 of the Statutes of 1993 are intended
17 to add limitations to the law on and after January 1, 1994, and are
18 not intended to change or express legislative intent with respect
19 to the law prior to that date. It is not the intent of the Legislature
20 to affect the merits of any litigation regarding the ability of a
21 redevelopment agency to sell bonds for a term that exceeds the
22 limit of a redevelopment plan pursuant to law that existed prior to
23 January 1, 1994.

24 (j) If a redevelopment plan is amended to add territory, the
25 amendment shall contain the time limits required by Section
26 33333.2.

27 (k) (1) *Notwithstanding subdivisions (a) and (b), and provided*
28 *the agency has not timely adopted the resolution described in*
29 *paragraph (1) of subdivision (b) of Section 33681.16, all of the*
30 *following provisions shall apply to a redevelopment project for*
31 *which a final plan was adopted on or before December 31, 1993,*
32 *provided that the time limit on the effectiveness of the*
33 *redevelopment plan was not reached prior to January 1, 2010,*
34 *and to an amendment to a redevelopment plan that added territory*
35 *and was adopted on or before December 31, 1993, provided that*
36 *the time limit on the effectiveness of the amendment was not*
37 *reached prior to January 1, 2010:*

38 (A) *The time limit required under subdivision (a), as it may have*
39 *been extended by the legislative body pursuant to subparagraphs*
40 *(C) and (D) of paragraph (2) of subdivision (e), is extended for*

1 an additional 40 years, unless the agency has adopted the
2 resolution described in subparagraph (A) of paragraph (2) of
3 subdivision (b) of Section 33681.16 in which case the additional
4 40-year period shall be reduced in accordance with subparagraph
5 (B) of paragraph (2) of subdivision (b) of Section 33681.16.

6 (B) The time limit required under subdivision (b) shall be 10
7 years after the termination of the effectiveness of the redevelopment
8 plan, as extended pursuant to subparagraph (A). After the
9 expiration of this time limit, the agency shall not receive property
10 taxes pursuant to Section 33670, except as otherwise necessary to
11 comply with subdivision (a) of Section 33333.8.

12 (C) Any time limit on the establishing of loans, advances, and
13 indebtedness to be paid with the proceeds of property taxes
14 received pursuant to Section 33670 to finance in whole or in part
15 the redevelopment project set forth in or otherwise applicable to
16 the redevelopment plan, including any amendment to the plan, is
17 eliminated.

18 (D) Any limitation on the number of dollars of taxes that may
19 be divided and allocated to the redevelopment agency set forth in
20 or otherwise applicable to the redevelopment plan, including any
21 amendment to the plan, is eliminated.

22 (2) Paragraph (1) shall apply notwithstanding any term,
23 provision, or condition set forth in any agreement between the
24 agency and an affected taxing agency, as defined in Section
25 33353.2, including, but not limited to, agreements entered into
26 pursuant to Section 33401 or 33676, as those sections existed prior
27 to January 1, 1994, that set or purport to set (A) more restrictive
28 time limits on the redevelopment project than the limits set forth
29 in paragraph (1); (B) any limit on the amount of property tax
30 increment an agency may be allocated or may receive; or (C) any
31 limit on the amount of bonded indebtedness of the agency that may
32 be outstanding at any one time or in total.

33 (3) The legislative body shall adopt an ordinance conforming
34 the applicable redevelopment plan or amendment that added
35 territory to the requirements of this subdivision. In adopting this
36 ordinance, neither the legislative body nor the agency is required
37 to comply with Section 33354.6, Article 12 (commencing with
38 Section 33450), or any other provision of this part relating to the
39 amendment of redevelopment plans. This subdivision shall be
40 effective as to the applicable redevelopment plan or amendment

1 *that added territory, notwithstanding the failure of the legislative*
2 *body to adopt the ordinance described in this paragraph.*

3 *SEC. 6. Section 33333.7 of the Health and Safety Code is*
4 *amended to read:*

5 33333.7. (a) Notwithstanding the time limits in paragraph (1)
6 of subdivision (a) of Section 33333.6, as that paragraph (1) read
7 on December 31, 2001, the Redevelopment Agency of the City
8 and County of San Francisco may, subject to the approval of the
9 Board of Supervisors of the City and County of San Francisco,
10 retain its ability to incur indebtedness exclusively for Low and
11 Moderate Income Housing Fund activities eligible under Sections
12 33334.2 and 33334.3 until January 1, 2014, or until the agency
13 replaces all of the housing units demolished prior to the enactment
14 of the replacement housing obligations in Chapter 970 of the
15 Statutes of 1975, whichever occurs earlier. The ability of the
16 agency to receive tax increment revenues to repay indebtedness
17 incurred for these Low and Moderate Income Housing Fund
18 activities may be extended until no later than January 1, 2044.
19 Nothing in this paragraph shall be construed to extend a plan's
20 effectiveness, except to incur additional indebtedness for Low and
21 Moderate Income Housing Fund activities, to pay previously
22 incurred indebtedness, and to enforce existing covenants, contracts,
23 or other obligations.

24 (b) Annual revenues shall not exceed the amount necessary to
25 fund the Low and Moderate Income Housing Fund activities of
26 the agency. The agency shall neither collect nor spend more than
27 10 percent for the planning and administrative costs authorized
28 pursuant to subdivision (e) of Section 33334.3. Revenues received
29 under this paragraph shall not exceed the amount of tax increment
30 received and allocated to the agency pursuant to the plan, as it has
31 been amended, less the amount necessary to pay prior outstanding
32 indebtedness, and less the amount of the project area's property
33 tax revenue that school entities are entitled to receive pursuant to
34 Chapter 3 (commencing with Section 75) and Chapter 6
35 (commencing with Section 95) of Part 0.5 of Division 1 of the
36 Revenue and Taxation Code if the plan had not been amended.
37 Additionally, revenues collected under this paragraph are subject
38 to the payments to affected taxing entities pursuant to Section
39 33607.

1 (c) The activities conducted with revenues received under this
2 paragraph shall be consistent with the policies and objectives of
3 the community's housing element, as reviewed and approved by
4 the department, and shall address the unmet housing needs of very
5 low, low- and moderate-income households. The activities shall
6 also be consistent with the community's most recently approved
7 consolidated and annual action plans submitted to the United States
8 Department of Housing and Urban Development, and if the director
9 deems it necessary, the annual action plans shall be submitted to
10 the department on an annual basis. No less than 50 percent of the
11 revenues received shall be devoted to assisting in the development
12 of housing that is affordable to very low income households.

13 (d) The agency shall not incur any indebtedness pursuant to this
14 paragraph until the director certifies, after consulting with the
15 agency, the net difference between the number of housing units
16 affordable to persons and families of low and moderate income
17 that the agency destroyed or removed prior to January 1, 1976,
18 and the number of housing units affordable to persons and families
19 of low and moderate income that the agency rehabilitated,
20 developed, or constructed, or caused to be rehabilitated, developed,
21 or constructed within the project areas adopted prior to January 1,
22 1976.

23 (e) The agency shall not incur any indebtedness pursuant to this
24 paragraph unless the director of the department certifies annually,
25 prior to the creation of indebtedness, all of the following:

26 (1) The community has a current housing element that
27 substantially complies with the requirements of Article 10.6
28 (commencing with Section 65580) of Chapter 3 of Division 1 of
29 Title 7 of the Government Code.

30 (2) The community's housing element indicates an unmet need
31 for Low and Moderate Income Housing Fund activities.

32 (3) The agency's most recent independent financial audit report
33 prepared pursuant to Section 33080.1 reports acceptable findings
34 and no major violations of this part.

35 (4) The agency has complied with subdivision (a) of Section
36 33334.2.

37 (5) The agency has met the requirements of this part with respect
38 to the provision of dwelling units for persons and families of low
39 or moderate income, including, but not limited to, the requirements
40 of Section 33413.

(f) *Nothing in this section shall preclude the Redevelopment Agency of the City and County of San Francisco and the Board of Supervisors of the City and County of San Francisco from utilizing the provisions of Sections 33333.2, 33333.4, and 33333.6, as amended under the act that added this subdivision.*

SEC. 7. *Section 33333.10 of the Health and Safety Code is amended to read:*

33333.10. (a) (1) *Notwithstanding the time limits in subdivisions (a) and (b) of Section 33333.6 and the extension under subdivision (k) of Section 33333.6, an agency that adopted a redevelopment plan on or before December 31, 1993, may, pursuant to this section, amend that plan to extend the time limit on effectiveness of the plan for up to 10 additional years beyond the limit allowed by subdivision (a) of Section 33333.6, and as that limit is extended pursuant to subdivision (k) of Section 33333.6.*

(2) *In addition, the agency may, pursuant to this section, amend that plan to extend the time limit on the payment of indebtedness and receipt of property taxes to be not more than 10 years from the termination of the effectiveness of the redevelopment plan as that time limit has been amended pursuant to paragraph (1).*

(b) *A redevelopment plan may be amended pursuant to subdivision (a) only after the agency finds, based on substantial evidence, that both of the following conditions exist:*

(1) *Significant blight remains within the project area.*

(2) *This blight cannot be eliminated without extending the effectiveness of the plan and the receipt of property taxes.*

(c) *As used in this section:*

(1) *“Blight” has the same meaning as that term is given in Section 33030.*

(2) *“Significant” means important and of a magnitude to warrant agency assistance.*

(3) *“Necessary and essential parcels” means parcels that are not blighted but are so necessary and essential to the elimination of the blight that these parcels should be included within the portion of the project area in which tax increment funds may be spent. “Necessary and essential parcels” are (A) parcels that are adjacent to one or more blighted parcels that are to be assembled in order to create a parcel of adequate size given present standards and market conditions, and (B) parcels that are adjacent or near parcels*

1 that are blighted on which it is necessary to construct a public
2 improvement to eliminate the blight.

3 (d) For purposes of this section, significant blight can exist in
4 a project area even though blight is not prevalent in a project area.
5 The report submitted to the legislative body pursuant to Section
6 33352 shall identify on a map the portion of the project area in
7 which significant blight remains.

8 (e) After the limit on the payment of indebtedness and receipt
9 of property taxes that would have taken effect but for the
10 amendment pursuant to this section, except for funds deposited in
11 the Low and Moderate Income Housing Fund pursuant to Section
12 33334.2 or 33334.6, the agency shall spend tax increment funds
13 only within the portion of the project area that has been identified
14 in the report adopted pursuant to Section 33352 as the area
15 containing blighted parcels and necessary and essential parcels.
16 Except as otherwise limited by subdivisions (f) and (g), agencies
17 may continue to spend funds deposited in the Low and Moderate
18 Income Housing Fund in accordance with this division.

19 (f) (1) Except as otherwise provided in this subdivision, after
20 the limit on the payment of indebtedness and receipt of property
21 taxes that would have taken effect, but for the amendment pursuant
22 to this section, agencies shall only spend moneys from the Low
23 and Moderate Income Housing Fund for the purpose of increasing,
24 improving, and preserving the community's supply of housing at
25 affordable housing cost to persons and families of low, very low,
26 or extremely low income, as defined in Sections 50079.5, 50093,
27 50105, and 50106. During this period, an agency that has adopted
28 an amendment pursuant to subdivision (a) may use moneys from
29 the Low and Moderate Income Housing Fund for the purpose of
30 increasing, improving, and preserving housing at affordable
31 housing cost to persons and families of moderate income as defined
32 in Section 50093. However, this amount shall not exceed, in a
33 five-year period, the amount of moneys from the Low and
34 Moderate Income Housing Fund that are used to increase, improve,
35 and preserve housing at affordable housing cost to persons and
36 families of extremely low income, as defined in Section 50106.
37 In no case shall the amount expended for housing for persons and
38 families of moderate income exceed 15 percent of the annual
39 amount deposited in the Low and Moderate Income Housing Fund
40 during a five-year period and the number of housing units

1 affordable to moderate-income persons shall not exceed the number
2 of housing units affordable to extremely low income persons.

3 (2) Commencing with the first fiscal year that commences after
4 the date of the adoption of an amendment pursuant to subdivision
5 (a) and until the limit on the payment of indebtedness and receipt
6 of property taxes that would have taken effect but for the
7 amendment pursuant to this section, an agency that has adopted
8 an amendment pursuant to subdivision (a) may use moneys from
9 the Low and Moderate Income Housing Fund for the purpose of
10 increasing, improving, and preserving housing at affordable
11 housing cost to persons and families of moderate income as defined
12 in Section 50093. However, this amount shall not exceed, in a
13 five-year period, 15 percent of the amount of moneys deposited
14 in the Low and Moderate Income Housing Fund during that
15 five-year period and shall only be used to assist housing projects
16 in which no less than 49 percent of the units are affordable to and
17 occupied by persons and families of low, very low, or extremely
18 low income. An agency may spend an additional amount of moneys
19 in the same or other housing projects to assist housing units
20 affordable to and occupied by moderate-income persons. However,
21 this amount shall not exceed the lesser of: the amount of moneys
22 spent to increase, improve, and preserve housing at affordable
23 housing cost to persons and families of extremely low income as
24 defined in Section 50106, or 5 percent of the moneys deposited in
25 the Low and Moderate Income Housing Fund during that five-year
26 period.

27 (g) (1) Except as provided in paragraph (2) or (3), commencing
28 with the first fiscal year that commences after the date of adoption
29 of an amendment pursuant to subdivision (a), not less than 30
30 percent of all taxes that are allocated to the agency pursuant to
31 Section 33670 from the redevelopment project area so amended
32 shall be deposited into that project's Low and Moderate Income
33 Housing Fund for the purposes specified in subdivision (f).

34 (2) In any fiscal year, the agency may deposit less than the
35 amount required by paragraph (1), but not less than the amount
36 required by Section 33334.2 or 33334.6, into the Low and
37 Moderate Income Housing Fund if the agency finds that the
38 difference between the amount deposited and the amount required
39 by paragraph (1) is necessary to make principal and interest
40 payments during that fiscal year on bonds sold by the agency to

1 finance or refinance the redevelopment project prior to six months
2 before the date of adoption of the amendment pursuant to
3 subdivision (a). Bonds sold by the agency prior to six months
4 before the date of the adoption of the amendment pursuant to
5 subdivision (a) may only be refinanced, refunded, or restructured
6 after the date of the amendment pursuant to subdivision (a).
7 However, for purposes of this section, bonds refinanced, refunded,
8 or restructured after the date of the amendment pursuant to
9 subdivision (a) may only be treated as if sold on the date the
10 original bonds were sold if (A) the net proceeds were used to
11 refinance the original bonds, (B) there is no increase in the amount
12 of principal at the time of refinancing, restructuring, or refunding,
13 and (C) the time during which the refinanced indebtedness is to
14 be repaid does not exceed the date on which the existing
15 indebtedness would have been repaid.

16 (3) No later than 120 days prior to depositing less than the
17 amount required by paragraph (1) into the Low and Moderate
18 Income Housing Fund, the agency shall adopt, by resolution after
19 a noticed public hearing, a finding that the difference between the
20 amount allocated and the amount required by paragraph (1) is
21 necessary to make payments on bonds sold by the agency to finance
22 or refinance the redevelopment project and identified in the
23 preliminary report adopted pursuant to paragraph (9) of subdivision
24 (e) of Section 33333.11, and specifying the amount of principal
25 remaining on the bonds, the amount of annual payments, and the
26 date on which the indebtedness will be repaid. Notice of the time
27 and place of the public hearing shall be published in a newspaper
28 of general circulation once a week for at least two successive weeks
29 prior to the public hearing. The agency shall make available to the
30 public the proposed resolution no later than the time of the
31 publication of the first notice of the public hearing. A copy of the
32 resolution shall be transmitted to the Department of Housing and
33 Community Development within 10 days after adoption.

34 (4) Notwithstanding paragraph (1), an agency that sells bonds
35 on or after the date of adoption of an amendment pursuant to
36 subdivision (a), the repayment of which is to be made from taxes
37 allocated to the agency pursuant to Section 33670 from the project
38 so amended, may elect to subordinate up to 16 $\frac{2}{3}$ percent of its
39 annual 30-percent Low and Moderate Income Housing Fund
40 deposit obligation to the payment of debt service on the bonds. If

1 the agency makes that election and in any year the agency has
2 insufficient tax-increment revenue available to pay debt service
3 on the bonds to which the funds from the Low and Moderate
4 Income Housing Fund are subordinated, the agency may deposit
5 less than the full 100 percent of its annual 30-percent Low and
6 Moderate Income Housing Fund obligation but only to the extent
7 necessary to pay that debt service and in no event shall less than
8 $83 \frac{1}{3}$ percent of that obligation be deposited into the Low and
9 Moderate Income Housing Fund for that year. The difference
10 between the amount that is actually deposited in the Low and
11 Moderate Income Housing Fund and the full 100 percent of the
12 agency's 30-percent Low and Moderate Income Housing Fund
13 deposit obligation shall constitute a deficit in the Low and
14 Moderate Income Housing Fund subject to repayment pursuant to
15 paragraph (5).

16 (5) If, pursuant to paragraph (2) or (4), the agency deposits less
17 than 30 percent of the taxes allocated to the agency pursuant to
18 Section 33670 in any fiscal year in the Low and Moderate Income
19 Housing Fund, the amount equal to the difference between 30
20 percent of the taxes allocated to the agency pursuant to Section
21 33670 for each affected redevelopment project area and the amount
22 actually deposited in the Low and Moderate Income Housing Fund
23 for that fiscal year shall be established as a deficit in the Low and
24 Moderate Income Housing Fund. Any new tax increment funds
25 not encumbered pursuant to paragraph (2) or (4) shall be utilized
26 to reduce or eliminate the deficit prior to entering into any new
27 contracts, commitments, or indebtedness. The obligations imposed
28 by this section are hereby declared to be an indebtedness of the
29 redevelopment project to which they relate, payable from taxes
30 allocated to the agency pursuant to Section 33670 and,
31 notwithstanding any other provision of law, shall constitute an
32 indebtedness of the agency with respect to the redevelopment
33 project, and the agency shall continue to receive allocations of
34 taxes pursuant to Section 33670 until the deficit is paid in full.

35 (h) An agency may not amend its redevelopment plan pursuant
36 to this section unless the agency first adopts a resolution that finds,
37 based on substantial evidence, all of the following:

38 (1) The community has adopted a housing element that the
39 department has determined pursuant to Section 65585 of the
40 Government Code to be in substantial compliance with the

1 requirements of Article 10.6 (commencing with Section 65580)
2 of Chapter 3 of Division 1 of Title 7 of the Government Code, or
3 if applicable, an eligible city or county within the jurisdiction of
4 the San Diego Association of Governments has adopted a
5 self-certification of compliance with its adopted housing element
6 pursuant to Section 65585.1 of the Government Code.

7 (2) During the three fiscal years prior to the year in which the
8 amendment is adopted, the agency has not been included in the
9 report sent by the Controller to the Attorney General pursuant to
10 subdivision (b) of Section 33080.8 as an agency that has a “major
11 violation” pursuant to Section 33080.8.

12 (3) After a written request by the agency and provision of the
13 information requested by the department, the department has issued
14 a letter to the agency, confirming that the agency has not
15 accumulated an excess surplus in its Low and Moderate Income
16 Housing Fund. As used in this section, “excess surplus” has the
17 same meaning as that term is defined in Section 33334.12. The
18 department shall develop a methodology to collect information
19 required by this section. Information requested by the department
20 shall include a certification by the agency’s independent auditor
21 on the status of excess surplus and submittal of data for the
22 department to verify the status of excess surplus. The independent
23 auditor shall make the required certification based on the
24 Controller’s office guidelines which shall include the methodology
25 prescribed by the department pursuant to subparagraph (D) of
26 paragraph (3) of subdivision (g) of Section 33334.12. If the
27 department does not respond to the written request of the agency
28 for this determination within 90 days after receipt of the written
29 request, compliance with this requirement shall be deemed
30 confirmed.

31 (i) Each redevelopment plan that has been adopted prior to
32 January 1, 1976, that is amended pursuant to subdivision (a) shall
33 also be amended at the same time to make subdivision (b) of
34 Section 33413 applicable to the redevelopment plan in accordance
35 with paragraph (1) of subdivision (d) of Section 33413.

36 (j) The amendment to the redevelopment plan authorized
37 pursuant to this section shall be made by ordinance pursuant to
38 Article 12 (commencing with Section 33450). The ordinance shall
39 be subject to referendum as prescribed by law for ordinances of
40 the legislative body.

1 (k) This section shall not apply to a project area that retains its
2 eligibility to incur indebtedness and receive tax increment revenues
3 pursuant to Section 33333.7.

4 (l) The limitations established in the ordinance adopted pursuant
5 to this section shall not be applied to limit allocation of taxes to
6 an agency to the extent required to comply with Section 33333.8.
7 In the event of a conflict between these limitations and the
8 obligations under Section 33333.8, the limitation established in
9 the ordinance shall be suspended pursuant to Section 33333.8.

10 *SEC. 8. Section 33334.1 of the Health and Safety Code is*
11 *repealed.*

12 ~~33334.1. If the plan authorizes the issuance of bonds to be~~
13 ~~repaid in whole or in part from the allocation of taxes pursuant to~~
14 ~~Section 33670, the plan shall establish a limit on the amount of~~
15 ~~bonded indebtedness which can be outstanding at one time without~~
16 ~~an amendment of the plan. This section shall apply only to~~
17 ~~redevelopment plans adopted on or after October 1, 1976.~~

18 *SEC. 9. Section 33334.1 is added to the Health and Safety*
19 *Code, to read:*

20 *33334.1. (a) A redevelopment plan that states a limit on the*
21 *amount of bonded indebtedness that can be outstanding at any one*
22 *time, or a limit on the total amount of bonded indebtedness that*
23 *may be incurred, may be amended to eliminate one or both of those*
24 *limits by adoption of an ordinance by the legislative body. In*
25 *adopting this ordinance, neither the legislative body nor the agency*
26 *is required to comply with Section 33354.6, Article 12*
27 *(commencing with Section 33450), or any other provision of this*
28 *part relating to the amendment of redevelopment plans. If an*
29 *ordinance is adopted to eliminate the limit on the amount of bonded*
30 *indebtedness that can be outstanding at any one time, the*
31 *elimination of the limit shall apply irrespective of the agency*
32 *previously exceeding the established limit on the amount of bonded*
33 *indebtedness that can be outstanding at any one time.*

34 *(b) The adoption of an ordinance eliminating the limit on the*
35 *amount of bonded indebtedness that can be outstanding at any one*
36 *time shall act to nullify any prior judicial determination that the*
37 *agency improperly exceeded the amount of bonded indebtedness*
38 *that can be outstanding at any one time. If the ordinance is*
39 *adopted, the limits eliminated by the ordinance shall also act to*
40 *eliminate the limits set forth in any agreement between the agency*

1 *and an affected taxing agency, as defined in Section 33353.2,*
2 *including, but not limited to, agreements entered into pursuant to*
3 *Section 33401 or 33676, as those sections existed prior to January*
4 *1, 1994, that set or purport to set a limit on the amount of bonded*
5 *indebtedness that can be outstanding at any one time or in total.*

6 *SEC. 10. Section 33492.13 of the Health and Safety Code is*
7 *amended to read:*

8 33492.13. (a) A redevelopment plan, adopted pursuant to this
9 chapter and containing the provisions set forth in Section 33670,
10 shall contain all of the following limitations:

11 (1) A limitation on the number of dollars of taxes which may
12 be divided and allocated to the redevelopment agency pursuant
13 thereto. Taxes shall not be divided and shall not be allocated to
14 the redevelopment agency beyond this limitation, except by
15 amendment of the redevelopment plan pursuant to Section 33354.6,
16 or as necessary to comply with subdivision (a) of Section 33333.8.

17 (2) (A) The time limit on the establishing of loans, advances,
18 and indebtedness to be paid with the proceeds of property taxes
19 received pursuant to Section 33670 to finance in whole or in part
20 the redevelopment project, which may not exceed 20 years from
21 the date the county auditor certifies pursuant to Section 33492.9,
22 except by amendment of the redevelopment plan as authorized by
23 subparagraph (B). The loans, advances, or indebtedness may be
24 repaid over a period of time longer than the time limit as provided
25 in this section. No loans, advances, or indebtedness to be repaid
26 from the allocation of taxes shall be established or incurred by the
27 agency beyond this time limitation, except as necessary to comply
28 with subdivision (a) of Section 33333.8.

29 (B) The time limitation established by subparagraph (A) may
30 be extended only by amendment of the redevelopment plan after
31 the agency finds, based on substantial evidence, that (i) substantial
32 blight remains within the project area; (ii) this blight cannot be
33 eliminated without the establishment of additional debt; and (iii)
34 the elimination of blight cannot reasonably be accomplished by
35 private enterprise acting alone or by the legislative body's use of
36 financing alternatives other than tax increment financing. However,
37 this amended time limitation may not exceed 30 years from the
38 date the county auditor certifies pursuant to Section 33492.9, except
39 as necessary to comply with subdivision (a) of Section 33333.8.

(3) A time limit, not to exceed 30 years from the date the county auditor certifies pursuant to Section 33492.9, on the effectiveness of the redevelopment plan. After the time limit on the effectiveness of the redevelopment plan, the agency shall have no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness, comply with subdivision (a) of Section 33333.8, and enforce existing covenants or contracts.

(4) A time limit, not to exceed 45 years from the date the county auditor certifies pursuant to Section 33492.9, to repay indebtedness with the proceeds of property taxes received pursuant to Section 33670. After the time limit established pursuant to this paragraph, an agency may not receive property taxes pursuant to Section 33670, except as necessary to comply with subdivision (a) of Section 33333.8.

(5) The limitations contained in a redevelopment plan adopted pursuant to this section shall not be applied to limit allocation of taxes to an agency to the extent required to comply with Section 33333.8. In the event of a conflict between these limitations and the obligations under Section 33333.8 the limitation established in the ordinance shall be suspended pursuant to Section 33333.8.

(b) (1) A redevelopment plan, adopted pursuant to this chapter, that does not contain the provisions set forth in Section 33670 shall contain the limitations in paragraph (2).

(2) A time limit, not to exceed 12 years from the date the county auditor certifies pursuant to Section 33492.9, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be extended only by amendment of the redevelopment plan.

(c) (1) *Notwithstanding subdivision (a), and provided the agency has not timely adopted the resolution described in paragraph (1) of subdivision (b) of Section 33681.16, all of the following provisions shall apply to a redevelopment project for which a final plan was adopted under this chapter but prior to January 1, 2010, provided that the time limit on the effectiveness of the redevelopment plan was not reached prior to January 1, 2010, and an amendment to a redevelopment plan that added territory and was adopted prior to January 1, 2010, provided that the time limit on the effectiveness of the amendment was not reached prior to January 1, 2010:*

1 (A) The limitation set forth in paragraph (1) of subdivision (a)
2 shall not apply.

3 (B) The time limit required under paragraph (2) of subdivision
4 (a) shall not apply.

5 (C) The time limit required under paragraph (3) of subdivision
6 (a) is extended for an additional 40 years, unless the agency has
7 adopted the resolution described in subparagraph (A) of paragraph
8 (2) of subdivision (b) of Section 33681.16 in which case the
9 additional 40-year period shall be reduced in accordance with
10 subparagraph (B) of paragraph (2) of subdivision (b) of Section
11 33681.16.

12 (D) The time limit required under paragraph (4) of subdivision
13 (a) shall be 10 years after the termination of the effectiveness of
14 the redevelopment plan, as extended pursuant to subparagraph
15 (C). After the expiration of this time limit, the agency shall not
16 receive property taxes pursuant to Section 33670, except as
17 otherwise necessary to comply with subdivision (a) of Section
18 33333.8.

19 (2) Paragraph (1) shall apply notwithstanding any term,
20 provision, or condition set forth in any agreement between the
21 agency and an affected taxing agency, as defined in Section
22 33353.2, that sets or purports to set (A) more restrictive time limits
23 on the redevelopment project than the limits set forth in paragraph
24 (1); (B) any limit on the amount of property tax increment an
25 agency may be allocated or may receive; or (C) any limit on the
26 amount of bonded indebtedness of the agency that may be
27 outstanding at any one time or in total.

28 (3) The legislative body shall adopt an ordinance conforming
29 the applicable redevelopment plan to the requirements of this
30 subdivision. In adopting this ordinance, neither the legislative
31 body nor the agency is required to comply with Section 33354.6,
32 Article 12 (commencing with Section 33450), or any other
33 provision of this part relating to the amendment of redevelopment
34 plans. This subdivision shall be effective as to the applicable
35 redevelopment plan or amendment that added territory,
36 notwithstanding the failure of the legislative body to adopt the
37 ordinance described in this paragraph.

38 SEC. 11. Section 33492.85 of the Health and Safety Code is
39 amended to read:

1 33492.85. (a) A redevelopment plan for March Air Force Base,
2 adopted pursuant to this chapter and containing the provisions set
3 forth in Section 33670, shall contain all of the following
4 limitations:

5 (1) (A) A time limit on the establishing of loans, advances, and
6 indebtedness to be paid with the proceeds of property taxes
7 received pursuant to Section 33670 to finance in whole or in part
8 the redevelopment project, which may not exceed 20 years from
9 the date the county auditor certifies pursuant to Section 33492.9,
10 except by amendment of the redevelopment plan as authorized by
11 subparagraph (B). The loans, advances, or indebtedness may be
12 repaid over a period of time longer than the time limit as provided
13 in this section. No loans, advances, or indebtedness to be repaid
14 from the allocation of taxes shall be established or incurred by the
15 agency beyond this time limitation.

16 (B) The time limitation established by subparagraph (A) may
17 be extended only by amendment of the redevelopment plan after
18 the agency finds, based on substantial evidence, that (i) substantial
19 blight remains within the project area; (ii) this blight cannot be
20 eliminated without the establishment of additional debt; and (iii)
21 the elimination of blight cannot reasonably be accomplished by
22 private enterprise acting alone or by the legislative body's use of
23 financing alternatives other than tax increment financing. However,
24 this amended time limitation may not exceed 30 years from the
25 date the county auditor certifies pursuant to Section 33492.9.

26 (2) A time limit, not to exceed 30 years from the date the county
27 auditor certifies pursuant to Section 33492.9, on the effectiveness
28 of the redevelopment plan. After the time limit on the effectiveness
29 of the redevelopment plan, the agency shall have no authority to
30 act pursuant to the redevelopment plan except to pay previously
31 incurred indebtedness and enforce existing covenants or contracts.

32 (3) A time limit, not to exceed 45 years from the date the county
33 auditor certifies pursuant to Section 33492.9, to repay indebtedness
34 with the proceeds of property taxes received pursuant to Section
35 33670. After the time limit established pursuant to this paragraph,
36 an agency may not receive property taxes pursuant to Section
37 33670.

38 (b) (1) A redevelopment plan, adopted pursuant to this chapter,
39 that does not contain the provisions set forth in Section 33670 shall
40 contain the limitations in paragraph (2).

(2) A time limit, not to exceed 12 years from the date the county auditor certifies pursuant to Section 33492.9, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be extended only by amendment of the redevelopment plan.

(c) (1) Notwithstanding subdivision (a), if, as of January 1, 2010, and provided the agency has not timely adopted the resolution described in paragraph (1) of subdivision (b) of Section 33681.16, a redevelopment plan for March Air Force Base has been adopted pursuant to this chapter, all of the following provisions shall apply to the redevelopment plan:

(A) The time limit required under paragraph (1) of subdivision (a) shall not apply.

(B) The time limit required under paragraph (2) of subdivision (a) is extended for an additional 40 years, unless the agency has adopted the resolution described in subparagraph (A) of paragraph (2) of subdivision (b) of Section 33681.16 in which case the additional 40-year period shall be reduced in accordance with subparagraph (B) of paragraph (2) of subdivision (b) of Section 33681.16.

(C) The time limit required under paragraph (3) of subdivision (a) shall be 10 years after the termination of the effectiveness of the redevelopment plan, as extended pursuant to subparagraph (B). After the expiration of this time limit, the agency shall not receive property taxes pursuant to Section 33670.

(2) Paragraph (1) shall apply notwithstanding any term, provision, or condition set forth in any agreement between the agency and an affected taxing agency, as defined in Section 33353.2, including, but not limited to, any agreement under subdivision (c) of Section 33492.86, that sets or purports to set (A) more restrictive time limits on the redevelopment project than the limits set forth in paragraph (1); (B) any limit on the amount of property tax increment an agency may be allocated or may receive; or (C) any limit on the amount of bonded indebtedness of the agency that may be outstanding at any one time or in total.

(3) The legislative body shall adopt an ordinance conforming the applicable redevelopment plan to the requirements of this subdivision. In adopting this ordinance, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other

1 *provision of this part relating to the amendment of redevelopment*
2 *plans. This subdivision shall be effective as to the applicable*
3 *redevelopment plan, notwithstanding the failure of the legislative*
4 *body to adopt the ordinance described in this paragraph.*

5 *SEC. 12. Section 33681.16 is added to the Health and Safety*
6 *Code, to read:*

7 *33681.16. (a) For purposes of this section, the following terms*
8 *have the following meanings:*

9 *(1) “Applicable agency” means a redevelopment agency that*
10 *receives property tax increment revenue derived from an*
11 *“applicable redevelopment project” as that term is defined in*
12 *paragraph (2), provided the applicable agency has not timely*
13 *adopted the resolution specified in paragraph (1) of subdivision*
14 *(b).*

15 *(2) “Applicable redevelopment project” means a redevelopment*
16 *project described in paragraph (1) of subdivision (f) of Section*
17 *33333.2, paragraph (1) of subdivision (h) of Section 33333.4,*
18 *paragraph (1) of subdivision (k) of Section 33333.6, paragraph*
19 *(1) of subdivision (c) of Section 33492.13, or paragraph (1) of*
20 *subdivision (c) of Section 33492.85.*

21 *(3) “Agency transfer payment” means an amount equal to 10*
22 *percent of the tax increment revenue after the amount required to*
23 *be deposited in the Low and Moderate Income Housing Fund has*
24 *been deducted, that is allocated to the applicable agency for the*
25 *fiscal year that is derived from the applicable redevelopment*
26 *project.*

27 *(4) “County auditor” means the county auditor or other officer*
28 *responsible for the allocation of tax revenues pursuant to Sections*
29 *33607.5, 33607.7, and 33670.*

30 *(b) (1) This section shall not apply to an applicable*
31 *redevelopment project if the applicable agency, by adoption of a*
32 *resolution within 45 days following the effective date of the act*
33 *that added this section, declines the provisions of paragraph (1)*
34 *of subdivision (f) of Section 33333.2, paragraph (1) of subdivision*
35 *(h) of Section 33333.4, paragraph (1) of subdivision (k) of Section*
36 *33333.6, paragraph (1) of subdivision (c) of Section 33492.13, or*
37 *paragraph (1) of subdivision (c) of Section 33492.85 with respect*
38 *to the applicable redevelopment project. If the applicable agency*
39 *timely adopts the resolution it shall forward a certified copy of the*

1 resolution to the county auditor within 30 days following its
2 adoption.

3 (2) (A) The applicable agency may elect to postpone the
4 commencement of the agency transfer payment described in
5 subdivision (c) for an applicable redevelopment project for up to
6 five fiscal years by adoption of a resolution within 45 days
7 following the effective date of the act that added this section,
8 provided that the resolution sets the fiscal year, not later than the
9 2014–15 fiscal year, in which the agency shall commence the
10 agency transfer payment. If the applicable agency timely adopts
11 the resolution it shall forward a certified copy of the resolution to
12 the county auditor within 30 days following its adoption.

13 (B) If the agency adopts the resolution described in
14 subparagraph (A), the extension on the effectiveness of the
15 applicable redevelopment project set forth in subparagraph (B)
16 of paragraph (1) or subdivision (f) of Section 33333.2,
17 subparagraph (A) of paragraph (1) of subdivision (k) of Section
18 33333.6, subparagraph (C) of paragraph (1) of subdivision (c) of
19 Section 33492.13, or subparagraph (B) of paragraph (1) of
20 subdivision (c) of Section 33492.85, shall be reduced by three
21 years for each fiscal year the agency has elected to postpone
22 commencement of the agency transfer payment.

23 (c) (1) For the 2009–10 fiscal year, and for each fiscal year
24 thereafter during the time the applicable agency receives tax
25 increment revenue from the applicable redevelopment project, the
26 county auditor shall determine the agency transfer payment for
27 the fiscal year for the agency.

28 (2) On or before December 15 of each fiscal year, the county
29 auditor shall notify the agency in writing of the agency transfer
30 payment and shall retain that amount in trust to fulfill the agency's
31 obligation for the agency transfer payment for the fiscal year. The
32 agency may dispute the amount calculated by the county auditor
33 and shall be entitled to pursue all available remedies if that dispute
34 is not resolved.

35 (3) On or before March 1 of each fiscal year, the county auditor
36 shall deposit the agency transfer payment determined pursuant to
37 paragraph (2) into the county's Educational Revenue Augmentation
38 Fund created pursuant to Article 3 (commencing with Section 97)
39 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation
40 Code.

1 (4) On or before March 15 of each fiscal year, the county
2 auditor shall transfer the agency transfer payment from the
3 county's Educational Revenue Augmentation Fund to the ERAF
4 account of the California Infrastructure and Economic
5 Development Bank established pursuant to Article 6.8 (commencing
6 with Section 63048.100) of Chapter 2 of Division 1 of Title 6.7 of
7 the Government Code.

8 (d) (1) The agency transfer payments shall be subordinate to
9 the lien of any pledge of collateral securing the payment of the
10 principal or interest on any bonds, loans, notes, or other
11 indebtedness of the applicable agency, including, but not limited
12 to, bonds, loans, notes, or other indebtedness of that agency
13 secured by the pledge of taxes allocated to the agency from the
14 applicable redevelopment project pursuant to Section 33670,
15 issued, entered into, or otherwise incurred at any time.

16 (2) Notwithstanding paragraph (1), an applicable agency,
17 during any period it is delinquent in making any agency transfer
18 payment, shall not be entitled to issue, enter into, or otherwise
19 incur bonds, loans, notes, or other indebtedness, including, but
20 not limited to, bonds, loans, notes, or other indebtedness secured
21 by a pledge of taxes allocated to that agency from the applicable
22 redevelopment project pursuant to Section 33670.

23 (3) No bonds shall be issued by the applicable agency on a
24 parity basis with the bonds issued prior to the effective date of the
25 act that added this section unless the coverage ratio of such parity
26 bonds is equal to or greater than (A) 115 percent or (B) the
27 coverage ratio required by such bonds issued prior to the effective
28 date of the act that added this section. As used herein, the term
29 "coverage ratio" means the ratio of the average annual tax
30 increment revenue received by the applicable agency for the
31 preceding three-year period to the sum of the maximum annual
32 debt service on the bonds issued prior to the effective date of the
33 act that added this section, plus the maximum annual debt service
34 on the parity bonds.

35 (e) The payment obligations imposed by this section, including
36 amounts owed, if any, created under this section, are hereby
37 declared to be an indebtedness of the redevelopment project to
38 which they relate, payable from taxes allocated to the agency
39 pursuant to Section 33670, and shall constitute an indebtedness

1 of the agency with respect to the redevelopment project until paid
2 in full.

3 (f) The Legislature, in enacting this section, finds and declares
4 that the agency transfer payment directly or indirectly assists in
5 the financing or refinancing, in whole or in part, of the
6 community's redevelopment project pursuant to Section 16 of
7 Article XVI of the California Constitution.

8 (g) (1) If the agency determines it will be unable to meet its
9 financial obligations for the fiscal year because of the agency
10 transfer payment, the agency, notwithstanding Sections 33334.2,
11 33334.3, and 33334.6, and any other law, may borrow up to 50
12 percent of the amount allocated to the Low and Moderate Income
13 Housing Fund pursuant to Sections 33334.2, 33334.3, and 33334.6
14 during that fiscal year in order to meet the agency's financial
15 obligations, unless an executed contract exists that would be
16 impaired if the agency reduced the amount allocated to the Low
17 and Moderate Income Housing Fund pursuant to the authority of
18 this subdivision.

19 (2) As a condition of borrowing pursuant to this subdivision,
20 an agency shall make a finding that there are insufficient other
21 moneys to meet the agency's financial obligations. Funds borrowed
22 from the Low and Moderate Income Housing Fund pursuant to
23 this subdivision shall be repaid by the agency in full within 10
24 years following the date on which the county auditor deposits the
25 agency transfer payment in the county's Educational Revenue
26 Augmentation Fund pursuant to subdivision (c).

27 (h) (1) As an alternative to, or in addition to, an agency's
28 authority to borrow from the Low and Moderate Income Housing
29 Fund, as set forth in subdivision (g), if the agency is unable to
30 meet its financial obligations for the fiscal year because of the
31 agency transfer payment, the agency may, subject to paragraph
32 (3), enter into an agreement with the legislative body by February
33 15 of the applicable fiscal year, to fund those amounts necessary
34 for the agency to meet its financial obligations for the fiscal year.

35 (2) The moneys advanced to the agency pursuant to paragraph
36 (1) shall be an indebtedness incurred by the agency to finance a
37 portion of a redevelopment project within the meaning of Section
38 16 of Article XVI of the California Constitution. This indebtedness
39 shall be payable from tax revenues allocated to the agency
40 pursuant to Section 33670, and any other funds received by the

1 agency. The obligations imposed by paragraph (1) shall remain
2 an indebtedness of the agency to the legislative body until paid in
3 full, or until the agency and the legislative body otherwise agree.

4 (3) The agreement described in paragraph (1) shall be subject
5 to those terms and conditions specified in a written agreement
6 between the legislative body and the agency.

7 (i) The county auditor is authorized to charge the agency for
8 all actual, documented, and reasonable costs incurred in
9 calculating the agency transfer payment and affecting the transfer
10 to the Educational Revenue Augmentation Fund in accordance
11 with Section 95.3 of the Revenue and Taxation Code, and other
12 expenses of the county auditor related to implementing the act
13 adding this section.

14 SEC. 13. Section 33681.17 is added to the Health and Safety
15 Code, to read:

16 33681.17. (a) For the purposes of this section, an “authorized
17 issuer” is limited to a joint powers entity created pursuant to
18 Article 1 (commencing with Section 6500) of Chapter 5 of Division
19 7 of Title 1 of the Government Code that consists of no less than
20 100 local agencies issuing bonds pursuant to the Marks-Roos
21 Local Bond Pooling Act of 1985 (Article 4 (commencing with
22 Section 6584) of Chapter 5 of Division 7 of Title 1 of the
23 Government Code).

24 (b) An authorized issuer may issue bonds, notes, or other
25 evidence of indebtedness to provide net proceeds to make one or
26 more loans to one or more redevelopment agencies to be used by
27 the agency to fund its obligations in the event of a shortfall caused
28 by the obligation of the agency to fund the agency transfer payment
29 to the Educational Revenue Augmentation Fund, as required under
30 Section 33681.16.

31 (c) With the prior approval of the legislative body by adoption
32 of a resolution by a majority of that body, reciting that a first lien
33 on the property tax revenues allocated to the legislative body will
34 be created in accordance with subdivision (e), an agency may
35 enter into an agreement with an authorized issuer issuing bonds
36 pursuant to subdivision (b) to repay a loan used to meet the
37 agency’s obligations, notwithstanding the expiration of the time
38 limit on repayment of indebtedness. Any agency funds used to
39 repay a loan entered into pursuant to this section shall be deducted

1 *from the amount of property tax revenue deemed to have been*
2 *received by the agency.*

3 *(d) A loan made pursuant to this section shall be repayable by*
4 *the agency from any available funds of the agency not otherwise*
5 *obligated for other uses, including, but not limited to, the agency*
6 *transfer payment as defined in Section 33681.16, and shall be*
7 *repayable by the agency on a basis subordinate to all existing and*
8 *future obligations of the agency.*

9 *(e) To secure repayment of a loan to an agency made pursuant*
10 *to this section, the trustee for the bonds issued to provide the funds*
11 *to make the loan shall have a lien on the property tax revenues*
12 *allocated to the legislative body pursuant to Chapter 6*
13 *(commencing with Section 95) of Part 0.5 of Division 1 of the*
14 *Revenue and Taxation Code. This lien shall arise by operation of*
15 *this section automatically upon the making of the loan without the*
16 *need for any action on the part of any person. This lien shall be*
17 *valid, binding, perfected, and enforceable against the legislative*
18 *body, its successors, creditors, purchasers, and all others asserting*
19 *rights in those property tax revenues, irrespective of whether those*
20 *persons have notice of the lien, irrespective of the fact that the*
21 *property tax revenues subject to the lien may be commingled with*
22 *other property, and without the need for physical delivery,*
23 *recordation, public notice, or any other act. This lien shall be a*
24 *first priority lien on these property tax revenues. This lien shall*
25 *not apply to any portion of the property taxes allocated to the*
26 *agency, including, but not limited to, an allocation pursuant to*
27 *Section 33670.*

28 *SEC. 14. Section 33683 of the Health and Safety Code is*
29 *amended to read:*

30 *33683. For the purpose of calculating the amount that has been*
31 *divided and allocated to the redevelopment agency to determine*
32 *whether the limitation adopted pursuant to Section 33333.2 or*
33 *33333.4 or pursuant to agreement or court order has been reached,*
34 *any payments made pursuant to subdivision (a) of Sections 33681,*
35 *33681.5, 33681.7, 33681.9, and 33681.12 or subdivision (d) of*
36 *Sections 33681.8, 33681.10, 33682, and 33682.5 with property*
37 *tax revenues shall be deducted from the amount of property tax*
38 *dollars deemed to have been received by the agency. For the*
39 *purpose of calculating the amount of taxes that has been divided*
40 *and allocated to a redevelopment agency that makes the “agency*

1 transfer payment” pursuant to Section 33681.16, the amount of
2 the agency transfer payment made by that agency shall be deducted
3 from the amount of property tax dollars deemed to have been
4 received by that agency.

5 SEC. 15. The Legislature finds and declares that Section 6,
6 which is applicable only to the Redevelopment Agency of the City
7 and County of San Francisco, and Section 11, which is applicable
8 only to March Air Force Base, of this act are necessary and that
9 a general law cannot be made applicable within the meaning of
10 Section 16 of Article IV of the California Constitution because of
11 the unique circumstances faced by the Redevelopment Agency of
12 the City and County of San Francisco and the March Air Force
13 Base.

14 SEC. 16. (a) (1) (A) The sections amended or added by this
15 act, providing for the payment of redevelopment agency funds to
16 the state and the extension of time for various actions of
17 redevelopment agencies, shall become inoperative or will not
18 become operative, as applicable, unless, on or before December
19 1, 2009, all of the following occur:

20 (i) A validation proceeding has been filed by the California
21 Infrastructure and Economic Development Bank or the special
22 purpose trust, as provided for in subdivision (d) of Section
23 63048.106 of the Government Code, to determine the validity of
24 any of the issues included in subdivision (e) of Section 63048.106
25 of the Government Code, or any other matters affecting
26 redevelopment agency requirements, processes, or procedures
27 that are authorized by this act.

28 (ii) In response to the filing specified in clause (i), the superior
29 court holds, or if the lower court ruling is appealed and upon
30 review the Supreme Court holds, that Article 6.8 (commencing
31 with Section 63048.100) of Chapter 2 of Division 1 of Title 6.7 of
32 the Government Code and the other sections in this act are
33 constitutional and that there is no legal bar to the securitization
34 of the payments by redevelopment agencies to the state that are
35 authorized in that article.

36 (B) The validation action is hereby authorized by this section
37 and the venue shall be in the Sacramento Superior Court.

38 (2) In addition to paragraph (1), if the board of directors of the
39 California Infrastructure and Economic Development Bank does
40 not certify pursuant to subdivision (a) of Section 63048.110 that

1 *the State ERAF Account will receive the amount specified in that*
2 *section, and Article 6.8 (commencing with Section 63048.100) of*
3 *Chapter 2 of Division 1 of Title 6.7 of the Government Code*
4 *thereupon becomes inoperative, this act shall become inoperative.*

5 *(b) If the sections amended or added by this act remain operative*
6 *and in effect after December 1, 2009, a statute suspending*
7 *subparagraph (A) of paragraph (1) of subdivision (a) of Section*
8 *25.5 of Article XIII of the California Constitution that was enacted*
9 *by a statute enacted in a 2009–10 session of the Legislature shall*
10 *become inoperative.*

11 *(c) If the sections amended or added by this act remain operative*
12 *and in effect after December 1, 2009, the reduction of fuel tax*
13 *subventions to local agencies pursuant to the 2009–10 Budget Act*
14 *and statutes implementing that act shall cease, and subventions*
15 *to local agencies that would have been made under the law as it*
16 *existed on July 1, 2009, shall be repaid. The Director of Finance*
17 *shall calculate the amount of the reduction that occurred prior to*
18 *December 1, 2009, and the Controller shall transfer that amount*
19 *from the Transportation Debt Service Fund to the Highway Users*
20 *Tax Account. The amount transferred to the Highway Users Tax*
21 *Account shall be transferred to cities, counties, and cities and*
22 *counties, as that funding would have otherwise been allocated*
23 *under the law as it existed on July 1, 2009.*

24 *(d) For purposes of preventing a duplicative transfer of tax*
25 *increment revenues, if the sections amended or added by this act*
26 *remain operative and in effect after December 1, 2009, the*
27 *additions and changes to state law proposed by Assembly Bill 26*
28 *of the 2009-10 Fourth Extraordinary Session of the Legislature*
29 *and Senate Bill 26 of the 2009-10 Fourth Extraordinary Session*
30 *of the Legislature shall become inoperative on January 1, 2010.*

31 *(e) If the sections amended or added by this act remain operative*
32 *and in effect after December 1, 2009, the Controller shall transfer*
33 *from the State ERAF Account to the General Fund, by June 30,*
34 *2010, the amount determined by the Director of Finance to equal*
35 *the amount the state will not receive pursuant to subdivisions (b),*
36 *(c), and (d).*

37 *SEC. 17. This act shall not affect any transfer of property tax*
38 *increment funds otherwise required to be made from a*
39 *redevelopment agency to an Education Revenue Augmentation*

1 *Fund pursuant to Chapter 6 (commencing with Section 33600) of*
2 *Division 26 of the Health and Safety Code.*

3 *SEC. 18. (a) Except as provided in subdivision (b), the*
4 *Legislature hereby finds and declares that the provisions of this*
5 *act are interdependent on each other, and are therefore not*
6 *severable. If any provisions of this act or its application is held*
7 *invalid, that invalidity shall affect all other provisions or*
8 *applications of this act and no other provision or application of*
9 *this act shall be given effect.*

10 *(b) If this act becomes inoperative or invalid, the county auditor*
11 *shall make adjustments by transferring or refunding the funds*
12 *otherwise subject to the provision declared inoperative or invalid.*

13 *SEC. 19. The provisions of this act, except for Sections 1, 12,*
14 *16, 17, 18, 19, 20, 21, and 22 shall become operative on January*
15 *1, 2010.*

16 *SEC. 20. No reimbursement is required by this act pursuant*
17 *to Section 6 of Article XIII B of the California Constitution because*
18 *a local agency or school district has the authority to levy service*
19 *charges, fees, or assessments sufficient to pay for the program or*
20 *level of service mandated by this act, within the meaning of Section*
21 *17556 of the Government Code.*

22 *SEC. 21. This act addresses the fiscal emergency declared by*
23 *the Governor by proclamation on July 1, 2009, pursuant to*
24 *subdivision (f) of Section 10 of Article IV of the California*
25 *Constitution.*

26 *SEC. 22. This act is an urgency statute necessary for the*
27 *immediate preservation of the public peace, health, or safety within*
28 *the meaning of Article IV of the Constitution and shall go into*
29 *immediate effect. The facts constituting the necessity are:*

30 *In order to meet the current and near-term financial*
31 *requirements of the state, it is necessary that this act take effect*
32 *immediately.*

33 ~~*SECTION 1. It is the intent of the Legislature to enact statutory*~~
34 ~~*changes relating to the Budget Act of 2009.*~~

35 ~~*SEC. 2. This act addresses the fiscal emergency declared by*~~
36 ~~*the Governor by proclamation on July 1, 2009, pursuant to*~~
37 ~~*subdivision (f) of Section 10 of Article IV of the California*~~
38 ~~*Constitution.*~~

O